

KARAGANIS, WHITE & MAGEL LTD.

ATTORNEYS AT LAW

414 NORTH ORLEANS STREET - SUITE 810

CHICAGO, ILLINOIS 60610

TELEPHONE

(312) 836-1177

TELEFAX

(312) 836-9083

JOSEPH V. KARAGANIS

A. BRUCE WHITE

BARBARA ANNE MAGEL

MARK D. ERZEN

JOHN W. KALICH

CHRISTOPHER W. NEWCOMB

WRITER'S DIRECT DIAL:

(312) 836-1177 EXT. 150

WRITER'S E-MAIL:

BWHITE@K-W.COM

October 30, 2003

**Via Certified Mail
Return Receipt Requested**

Mazin Enwiya
Remedial Project Manager
United States Environmental Protection
Region 5
77 West Jackson Boulevard
Chicago, IL 60604-3590

**Re: Ellsworth Industrial Park, Downers Grove, Illinois
Order No. V-W-03-C-751**

Dear Mr. Enwiya:

In accordance with the applicable provisions of the Administrative Order on Consent, No. V-W-03-C-751, and on behalf of the signatories of that Order, we are submitting proof of financial assurance to fund repayment of up to \$4.275 million in loans from the DuPage County Water Commission to the Village of Downers Grove to pay for the specified costs to hookup certain residents to Lake Michigan Water.

As provided in the Order and as discussed previously with the USEPA, after the hookups have been completed and the schedule for repayment of the loan can be established (and the OU1 RI has been completed such that the signatories can use the data to complete their internal allocation process), the Group plans to purchase an annuity to make payments of interest and principal on the loan as they come due. In anticipation of that purchase we have secured an estimate of the cost of such an annuity from NYLife. Assuming that the Group will pay the first two years of interest directly (in 2004 and 2005) and will purchase the annuity in 2006, NYLife estimated that the annuity will cost the Group \$3,443,348. We have further been advised that interest rates are likely to move up and the annuity cost down over the next two years.

EPA Region 5 Records Ctr.



265584

To secure this obligation, and subject to the outcome of the Group's internal allocation, the Group members have committed to post letters of credit totaling approximately \$3,445,000. All but one of the required letters of credit have been issued and are being held in trust by the Group's Co-Project Coordinators. The last letter of credit, in the amount of \$200,000, is due from Mr. Helwig. As we have advised the Agency previously, Mr. Helwig is currently working with his bank to obtain his letter of credit and his representatives have advised the Group that he expects it to be issued within the next few weeks.

Copies of all the letters of credit that have been issued, totaling more than \$3,245,000, are enclosed. We will provide you a copy of Mr. Helwig's letter of credit as soon as it is issued.

In addition to the letters of credit, the Group members are also posting cash assurance in the amount of \$175,000 to cover the first two years of interest payments. These funds are being maintained for the Group by its Co-Project Coordinators in an account with BankOne. Based on the current rate of hook up and the associated draw down on the loan by the Village, we anticipate that interest cost for years 2004 and 2005 will be far less than the amount of cash reserved.

If you have any questions regarding the assurance posted, please direct them to Brett Heinrich or me.

Yours truly,

Bruce White

enclosures

cc: w/o enclosures

Thomas Krueger, Esq. ✓

Brett Heinrich, Esq.

Participating Parties

(per attached service list)

Kevin Buoy

Enza Petrarca

ELLFINAS.DOC

U.S. ENVIRONMENTAL
PROTECTION AGENCY

OCT 5 1 2003

OFFICE OF REGIONAL
COUNSEL